



MODIFICATION REPORT for Modification Proposal P159

Extending the Scope of E-mail Communications under the Code

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Date of issue: 15 June 2004 **Document reference:** P159RR
Reason for issue: For Authority decision **Issue/Version number:** Final/1.0

This document has been distributed in accordance with Section F2.1.10¹ of the Balancing and Settlement Code.

RECOMMENDATIONS

Having considered and taken into due account the contents of this report, the Balancing and Settlement Code Panel recommends:

- **that Proposed Modification P159 should be made;**
- **the P159 Implementation Date of 23 February 2005 if an Authority decision is received on or before 1 September 2004, or 29 June 2005 if the Authority decision is received after 1 September 2004 but on or before 1 December 2004; and**
- **the proposed text for modifying the Code, as set out in the Modification Report.**

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¹ The current version of the Balancing and Settlement Code (the 'Code') can be found at www.elexon.co.uk/ta/bsc/el_docs/bsc_code.html

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SUMMARY OF IMPACTED PARTIES AND DOCUMENTS

The following parties/documents have been identified as impacted by Modification Proposal P159.

Parties	Sections of the BSC	Code Subsidiary Documents
Suppliers <input checked="" type="checkbox"/>	A <input checked="" type="checkbox"/>	BSC Procedures <input checked="" type="checkbox"/>
Generators <input checked="" type="checkbox"/>	B <input type="checkbox"/>	Codes of Practice <input type="checkbox"/>
Licence Exemptable Generators <input checked="" type="checkbox"/>	C <input type="checkbox"/>	BSC Service Descriptions <input type="checkbox"/>
Transmission Company <input checked="" type="checkbox"/>	D <input type="checkbox"/>	Service Lines <input type="checkbox"/>
Interconnector <input checked="" type="checkbox"/>	E <input type="checkbox"/>	Data Catalogues <input type="checkbox"/>
Distribution System Operators <input checked="" type="checkbox"/>	F <input type="checkbox"/>	Communication Requirements Documents <input type="checkbox"/>
Party Agents		
Data Aggregators <input type="checkbox"/>	G <input type="checkbox"/>	Reporting Catalogue <input type="checkbox"/>
Data Collectors <input type="checkbox"/>	H <input checked="" type="checkbox"/>	MIDS <input type="checkbox"/>
Meter Operator Agents <input type="checkbox"/>	J <input type="checkbox"/>	Core Industry Documents
ECVNA <input type="checkbox"/>	K <input type="checkbox"/>	Grid Code <input type="checkbox"/>
MVRNA <input type="checkbox"/>	L <input type="checkbox"/>	Supplemental Agreements <input type="checkbox"/>
BSC Agents		
SAA <input type="checkbox"/>	M <input type="checkbox"/>	Ancillary Services Agreements <input type="checkbox"/>
FAA <input type="checkbox"/>	N <input type="checkbox"/>	Master Registration Agreement <input type="checkbox"/>
BMRA <input type="checkbox"/>	O <input type="checkbox"/>	Data Transfer Services Agreement <input type="checkbox"/>
ECVAA <input type="checkbox"/>	P <input type="checkbox"/>	British Grid Systems Agreement <input type="checkbox"/>
CDCA <input type="checkbox"/>	Q <input type="checkbox"/>	Use of Interconnector Agreement <input type="checkbox"/>
TAA <input type="checkbox"/>	R <input type="checkbox"/>	Settlement Agreement for Scotland <input type="checkbox"/>
CRA <input type="checkbox"/>	S <input type="checkbox"/>	Distribution Codes <input type="checkbox"/>
Teleswitch Agent <input type="checkbox"/>	T <input type="checkbox"/>	Distribution Use of System Agreements <input type="checkbox"/>
SVAA <input type="checkbox"/>	U <input type="checkbox"/>	Distribution Connection Agreements <input type="checkbox"/>
BSC Auditor <input type="checkbox"/>	V <input type="checkbox"/>	BSCCo
Profile Administrator <input type="checkbox"/>	W <input type="checkbox"/>	Internal Working Procedures <input checked="" type="checkbox"/>
Certification Agent <input type="checkbox"/>	X <input type="checkbox"/>	Other Documents
MIDP <input type="checkbox"/>		Transmission Licence <input type="checkbox"/>
TLFA <input type="checkbox"/>		
Other Agents		
SMRA <input type="checkbox"/>		
Data Transmission Provider <input type="checkbox"/>		

1 DESCRIPTION OF PROPOSED MODIFICATION AND ASSESSMENT AGAINST THE APPLICABLE BSC OBJECTIVES

1.1 Modification Proposal

Background: Current provisions under H9.2

Modification Proposal P159 'Extending the Scope of E-mail Communications under the Code' ('P159', Reference 1) was raised on 28 January 2004 by the Balancing and Settlement Code Panel ('the Panel') in accordance with paragraph F2.1.1(d)(i) of the Balancing and Settlement Code ('the Code').²

P159 proposes to extend the current Code provisions regarding use of e-mail, in order to formalise e-mail as an available medium for all individual notices and communications given in accordance with paragraph H9.2 of the Code. This paragraph covers communications under the Code and Code Subsidiary Documents which are not subject to express provisions elsewhere in the Code. Approved Modification P113 'E-mail Communications under the Code' ('P113'), which was implemented on 10 July 2003, introduced provisions within H9.2 that where a general communication is to be given by BSCCo, the Panel, a Panel Committee, a Modification Group, or their respective secretaries, to all Parties (or a class of Party) simultaneously the communication may be given by e-mail. H9.2 is currently silent on the use of e-mail for communications between these bodies and individual Parties, and only expressly provides for such communications to be sent by post or fax.

The Panel agreed to raise P159 on BSCCo's recommendation that expanding the Code's recognition of e-mail as a form of communication under H9.2 would better facilitate Applicable BSC Objective (d):

'promoting efficiency in the implementation and administration of the balancing and settlement arrangements'.

Modification Proposal P113

P113 confirmed BSCCo's existing practice regarding use of e-mail for general or 'mass' communications under the Code and Code Subsidiary Documents – examples of which include circulars and notifications relating to Modification Proposals.

In its decision letter concerning P113, the Authority stated that the distribution of general notices by e-mail has demonstrated itself to be as reliable as post or fax, whilst delivering significant gains in administrative efficiency. The Authority also considered that the potential efficiency gains which might result from P113 would outweigh any perceived increase in risk to Parties from use of e-mail.

P113 did not seek to alter the provisions within H9.2 by which communications are given by BSCCo to individual Parties, as the issues relating to use of e-mail for individual communications were felt at that time to be potentially less self-evident. P113 also did not cover communications from individual Parties to BSCCo, on the same grounds.

More information regarding P113 can be found in the P113 Initial Written Assessment (Reference 3), Modification Report (Reference 4) and Authority decision letter (Reference 5).

Modification Proposal P159

P159 argues that, in the period of time following the submission of P113, e-mail has become even more widely acknowledged by Parties as an efficient and cost-effective form of communication – with no material e-mail performance issues having been brought to BSCCo's attention following implementation

² F2.1.1(d)(i) allows BSCCo to recommend to the Panel any modification which in BSCCo's opinion would better facilitate Applicable BSC Objective (d).

of P113. BSCCo, in recommending that P159 be raised, therefore suggested that an opportune time had been reached at which to consider expanding H9.2's provisions for e-mail to all other notices and communications between Parties under the Code and Code Subsidiary Documents. P159 includes communications sent both from and to BSCCo.

P159 notes that a number of Balancing and Settlement Code Procedures (BSCPs) already envisage e-mail communications between Parties, and that P159 would therefore confirm current practice in this regard. Some existing BSCP provisions regarding use of e-mail were carried over during conversion of the Agreed Procedures under the Pool into BSCPs, and thereby led to the inclusion of similar provisions under NETA. P159 argues that such provisions have become widely accepted by Parties since NETA Go-Live as an appropriate means of sending and receiving communications to and from BSCCo, and as BSCCo's operational practice.

The Code is currently silent on the use of e-mail for individual communications, and only expressly provides for such communications to be issued by post or fax. However, paragraph H1.5.1 states that in the event of any conflict between the provisions of the Code and any Code Subsidiary Document, the provisions of the Code shall take precedence. In recommending that P159 be raised, BSCCo noted the desirability of removing any perceived inconsistency between the Code and BSCPs by expressly confirming existing practice within the Code.

However, P159 recognises that expansion of the current Code provisions to all notices and communications may also legitimise use of e-mail for communications which are not currently sent (or envisaged to be sent) by such means. The Modification Proposal therefore suggests that a set of express exceptions be developed where it would be inappropriate for individual communications to be given by e-mail.

Process followed to date

The P159 Initial Written Assessment (Reference 6) was presented to the Panel at its meeting of 12 February 2004, where the Panel determined that the Modification Proposal should be submitted to a three-month Assessment Procedure by the Governance Standing Modification Group (GSMG). The issues raised by BSCCo and the Panel during the Initial Written Assessment of P159 formed the basis of the GSMG's Terms of Reference, and the Group met three times to consider P159: on 19 February, 10 March and 7 April 2004. For more information regarding the GSMG's discussions and a copy of the Terms of Reference, please refer to the P159 Assessment Report (Reference 7). Details of the GSMG's membership can be found in Annex 2.

The GSMG issued an industry consultation and commissioned impact assessments from Parties, Core Industry Document Owners, the Transmission Company, and BSCCo. All respondents to the Assessment Consultation who commented on P159 agreed that the Proposed Modification would better facilitate the Applicable BSC Objectives. No respondents to the consultation or impact assessment identified any significant costs which would be incurred by Parties as a direct result of P159.

For more detail regarding these responses, please refer to the P159 Assessment Report. Further information concerning the format of the consultation and impact assessments can be found in the P159 Assessment Consultation document (Reference 8) and P159 Requirements Specification (Reference 9). A summary of the Transmission Company analysis can be found in Section 7 of this report.

The P159 Assessment Report was presented to the Panel at its meeting of 13 May 2004, where the Panel unanimously agreed the GSMG's recommendation that P159 proceed to the Report Phase with a provisional recommendation that the Proposed Modification should be made.

The majority of respondents to the P159 Report Consultation supported the provisional recommendation of the Panel. A summary of the responses can be found in Section 6, with full copies

of these responses attached as Annex 5. The Panel considered the P159 draft Modification Report (Reference 10) and these consultation responses at its meeting of 10 June 2004, and confirmed that the final Modification Report should contain the recommendation that the Proposed Modification should be made.

Legal text has been provided in respect of the Proposed Modification, and is attached as Annex 1.

1.2 Proposed Modification

The table on the following pages represents a high-level overview of the solution developed by the GSMG to support P159, with respect to the issues identified in the P159 Initial Written Assessment and Terms of Reference.

Table 1 – Overview of Proposed Modification

Issue	GSMG’s agreed solution	Detail
<p>Exceptions to use of e-mail under P159.</p>	<p>Post or fax copies will still be required for ‘formal’ communications granting rights or imposing obligations.</p> <p>Since these exceptions represent ‘one-off’ or rare communications, any inefficiency in continuing to issue these by post or fax will be minimal.</p>	<p>Location of Code/BSCP exceptions to sole use of e-mail under P159:</p> <ul style="list-style-type: none"> • A2.2.3 (b) – Parties’ submission of Accession Agreement; • A2.3.2 (a) – Transmission Company execution of Accession Agreement; • A2.6.1 (a) – BSCCo’s notice of withdrawal to a Party which does not commence trading; • A5.1.1 & BSCP65 form F65/03 – Parties’ submission of Withdrawal Notice to BSCCo; • A5.2.4 & BSCP65 form F65/04 – Panel’s Expulsion Notice to a Party; • B2.5.1, 2.5.2, 2.6.1, 2.6.2 & 2.10.1 – Panel Chairman notices to Panel Secretary of appointment, reappointment or removal of Panel Members or Alternates; • B2.8.2, 2.8.3, 2.8.4 & 2.9.3 – the following communications between Panel Members and BSCCo: indemnity letters, acceptance letters, and documents relating to contracts; • Annex B-2 3.1 & 3.2 – Parties’ submission of Panel election nomination and voting forms; • D1.4.5 (a) – Party notification to Panel that it considers its Trading Dispute to justify adjustments in respect of the Volume Allocation data used in determining Funding Shares; • D6.1.1 – Party notification of bank account details to BSCCo; • D6.5.6 – Party’s notice to BSCCo before instituting any action or proceeding to enforce payments due to it; • D6.6.1(a) – BSCCo’s notice to each Trading Party of an emergency amount to be recovered from that Party in addition to its usual Main Funding Share; • F1.1.2 & F1.1.4 – Transmission Company’s notice to BSCCo to modify/not modify the Code in respect of a Modification Proposal;

Issue	GSMG's agreed solution	Detail
		<ul style="list-style-type: none"> • F1.7.2 – Transmission Company's notification to BSCCo that the Authority has directed it to assume responsibility for the BSC Modification Procedures; • F2.1.6 – notification from BSCCo to a Party that the Panel has refused to accept submission of a Modification Proposal; • F2.6.4 (b) – Modification Group member's release letter from their employer to BSCCo; • H3.1 – Default notices from BSCCo to Parties; • H7.1.5 – Party notice to BSCCo that it has referred a dispute between Parties to arbitration; • W3.5 & 3.6 – Party referrals of Trading Disputes to the Panel or to arbitration; and • BSCP38 3.1.1 – Parties' first nomination of Authorised Persons.
Working practice regarding exceptions to use of e-mail under P159.	<p>As a working practice, e-mail may additionally be used for the above exceptions.</p> <p>However, under the P159 Code provisions, deemed receipt (and any consequential actions) will only result from the 'official' post or fax copy.</p> <p>Additional use of e-mail for the exceptions will not be a requirement.</p>	<p>Allowing the sender to additionally use e-mail for the exceptions will provide the benefit of increased and/or advance awareness of the communication.</p> <p>BSCCo will clarify this option to Parties during implementation of P159, and via an advice document to be published on the BSC Website.</p>
Choice of communications medium under P159.	<p>The choice of whether to issue communications by e-mail will be at the sender's discretion.</p>	<p>This approach will enable BSCCo to send communications by e-mail, whilst allowing each Party to choose a preferred method for issuing its own communications.</p> <p>Apart from the exceptions identified above, e-mail will be added as an available method of communication in any BSCP step tables which do not currently contain this option (see Section 5.2 for a list of the impacted BSCPs).</p>

Issue	GSMG's agreed solution	Detail
<p>Deemed receipt rules under P159.</p>	<p>The existing P113 deemed receipt rules will be extended to all communications, including communications from and to BSCCo.</p> <p>Existing rules (H9.2.4 & H9.2.5):</p> <p><i>"Any notice or communication which may be sent by e-mail shall be deemed to have been received one hour after being sent [...] Other than in relation to a notice or communication sent by e-mail in respect of an Urgent Modification Proposal, if the time at which a notice or communication sent by e-mail is deemed to have been received falls after 1700 hours on a day, the notice or communication shall be deemed to have been received at 0900 hours on the following day".</i></p>	<p>The one hour deemed receipt period reflects that e-mail communications may not be delivered instantaneously.</p> <p>P159 will therefore provide clarity to Parties regarding the point at which they should send a communication in order to ensure its receipt by a specific deadline.</p> <p>Although BSCCo will continue to action all communications which are actually received before a deadline, any Party sending a communication less than one hour before will bear the risk of its non-delivery by that deadline.</p> <p>P159 will also introduce a caveat into the deemed receipt rules to state that e-mail communications will be deemed to have been received one hour after being sent, providing an undeliverable receipt has not been received by the sender by that time. This provision clarifies BSCCo's existing practice with regard to such receipts.</p> <p>BSCCo will clarify these deemed receipt rules to Parties during implementation of P159, and via an advice document to be published on the BSC Website.</p>
<p>BSCCo ongoing working practice under P159.</p>	<p>BSCCo to use the implementation of P159 as an opportunity to seek to strengthen, and communicate with Parties regarding, its working practices in respect of communications.</p>	<p>BSCCo will use the opportunity of P159, in conjunction with the existing planned redesign of the BSC Website, to review its working practices for communications with Parties.</p> <p>As part of the implementation of P159, BSCCo will publish a 'frequently asked questions' page or advice document on the BSC Website to provide guidance to Parties regarding its processes.</p>

1.3 Issues raised by the Proposed Modification

The following issues were considered by the GSMG during the Assessment Procedure for P159:

- Scope of P159;
- Whether use of e-mail should be mandatory or discretionary;
- Exceptions to use of e-mail;
- Option of e-mail for communications where not existing practice (including BSCCo invoices and Trading Disputes);
- E-mail deemed receipt rules;
- Additional P159 e-mail governance rules;
- Legal text requirements;
- Costs and benefits of P159 to BSCCo and Parties (including small Parties).

These issues are discussed in the P159 Assessment Report and are not covered further here.

1.4 Governance and regulatory framework assessment

The GSMG noted the communication provisions of other industry codes, and that currently the Grid Code provides for e-mail communications while the Connection and Use of System Code (CUSC) and Master Registration Agreement (MRA) do not.³ The Group considered that both the existing Grid Code provisions and the Authority's approval of BSC Modification P113 represented a precedent in recognising e-mail as an acceptable medium for industry communications. The GSMG also agreed with BSCCo's suggestion that it would be advisable for the P159 legal drafting to be consistent with the Grid Code provisions, insofar as these were transferable to the particular vires and style of the Balancing and Settlement Code.

For more information regarding the GSMG's discussion of the Grid Code provisions, please refer to the P159 Assessment Report.

1.5 GSMG's assessment of whether the Proposed Modification would better facilitate the Applicable BSC Objectives

The unanimous view of the GSMG was that P159 would better facilitate achievement of Applicable BSC Objectives (c)⁴ and (d)⁵ for the following reasons:

- P159 would confirm existing operational practice regarding use of e-mail, ensure that there was no perceived inconsistency between the Code and BSCPs, and therefore remove the risk of any future question as to the compliance of current practice with the provisions of the Code;
- P159 would thereby enable greater certainty for both Parties and BSCCo regarding the authorised methods of communication under the Code (and the rules and regulations pertaining to such communications);
- Although the actual cost and efficiency savings resulting from confirming current practice within the Code would be small, significant costs and inefficiencies for BSCCo and Parties could result if P159 were not made and existing practice was required to change; and

³ See Grid Code paragraph GC.6.1, CUSC paragraph 6.21, and MRA paragraph 45.

⁴ 'Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity'.

⁵ 'Promoting efficiency in the implementation and administration of the balancing and settlement arrangements'.

- Even if use of e-mail had not been existing practice by BSCCo and Parties, introduction of P159 would better facilitate efficiency than the existing Code baseline – since e-mail has proved itself to be at least as reliable as post or fax, and may actually deliver greater efficiencies and cost-savings than these other forms of communication.

In undertaking its assessment of P159 against the Applicable BSC Objectives, the GSMG took account of the views expressed by respondents to the Assessment Consultation and impact assessment (see P159 Assessment Report for the GSMG's discussion of these responses).

2 COSTS⁶

PROGRESSING MODIFICATION PROPOSAL

Demand Led Cost	£0
ELEXON Resource	60 man days (equating to approximately £7,950)

IMPLEMENTATION COSTS

		Stand Alone Cost	P159 Incremental Cost	Tolerance
Service Provider⁷ Cost	Change Specific Cost	£0	£0	N/A
	Release Cost	£0		N/A
	Incremental Release Cost	£0	£0	N/A
	Total Service Provider Cost	£0	£0	N/A

⁶ Clarification of the meanings of the cost terms in this section can be found in Annex 6 of this report.

⁷ BSC Agent and non-BSC Agent Service Provider and software costs.

Implementation Cost	External Audit	£0	£0	N/A
	Design Clarifications	£0	£0	N/A
	Additional Resource Costs	£0	£0	N/A
	Additional Testing and Audit Support Costs	£0		N/A
Total Demand Led Implementation Cost		£0	£0	N/A

ELEXON Implementation Resource Cost		125 man days* £50,000*	55 man days* £22,000*	+/- 5%
Total Implementation Cost		£50,000*	£22,000*	+/- 5%

*The recommendation of the Panel is that P159 be implemented with other changes as part of a planned release, in order to only incur the 'incremental' cost shown in the above table. The 'stand-alone' cost therefore represents that which would be incurred if this approach was not followed and P159 was delivered outside of a release.

ONGOING SUPPORT AND MAINTENANCE COSTS

	Stand Alone Cost	P159 Incremental Cost	Tolerance
Service Provider Operation Cost	£0 per annum	£0 per annum	N/A
Service Provider Maintenance Cost	£0 per annum	£0 per annum	N/A
ELEXON Operational Cost	£0 per annum	£0 per annum	N/A

3 RATIONALE FOR PANEL'S RECOMMENDATIONS

The Panel considered the P159 Assessment Report at its meeting of 13 May 2004, and agreed the provisional recommendation that P159 should be made.

The Panel unanimously agreed with the view of the GSMG that P159 would better facilitate the achievement of Applicable BSC Objectives (c) and (d) for the reasons set out in Section 1.5 above.

The Panel unanimously agreed with the Implementation Date and implementation approach proposed by the GSMG (see Section 9).

In addition, the Panel unanimously agreed that the proposed legal text addressed the issue identified by the Modification Proposal.

One Panel Member requested that BSCCo report back to the Panel if any material concerns or issues were raised by Parties regarding the post-implementation operation of P159. BSCCo confirmed that it would provide such feedback to the Panel as part of its ongoing review of internal procedures for communications with Parties. The Panel noted BSCCo's belief that, since P159 would largely confirm existing practice, any Party concerns regarding its implementation would be minor.

The Panel's provisional recommendation was consulted upon as part of the P159 draft Modification Report. At its meeting on 10 June 2004 the Panel considered this report and the responses received to the consultation (see Section 6), and unanimously confirmed its recommendation that the Proposed Modification should be made.

4 IMPACT ON BSC SYSTEMS AND PARTIES

During the Assessment Procedure, an assessment was undertaken in respect of BSC Systems and Parties.

4.1 BSCCo

The following provides a summary of those BSCCo areas of business impacted by P159. For further details regarding the required effort, please refer to the P159 Assessment Report. The actual figures relating to BSCCo implementation costs can be found in Section 2.

- Combined CVA Programme and SVA Programme implementation effort (involving changes to approximately 20 BSCPs – see Section 5.2), plus supporting Systems Assurance; and
- Minor change to CVA Operations working practices.

4.2 BSC Systems

P159 has no impact upon any BSC Systems or BSC Agents.

4.3 Parties and Party Agents

The impact upon BSC Parties in general is expected to be minimal, since P159 will largely confirm existing practice. The extent of the impact upon individual Parties will depend on to what degree the Party already uses e-mail for communications under the Code and BSCPs and whether there will be any increase in Party 'take-up' of e-mail as a communications option. However, it is not anticipated that there will be a significant switch from post or fax to e-mail communications as a direct result of P159.

For more information regarding the impact upon BSC Parties, please refer to the GSMG's discussion of the Assessment Consultation and impact assessment responses in Section 6 of the P159 Assessment Report.

P159 has no impact upon any Party Agents.

5 IMPACT ON CODE AND DOCUMENTATION

5.1 Balancing and Settlement Code

P159 would impact the following Code Sections:

- Section A 'Parties and Participation'; and
- Section H 'General'.

Legal text is provided as Annex 1. More detail regarding the GSMG's discussion of the legal text requirements can be found in Section 1.3.7 of the P159 Assessment Report.

5.2 Code Subsidiary Documents

The following BSCPs would be impacted by P159:

- BSCP14 'Processing of Manifest Error Claims';
- BSCP15 'BM Unit Registration';
- BSCP20 'Registration of Metering Systems for Central Volume Allocation';
- BSCP31 'Registration of Trading Units';
- BSCP32 'Metering Dispensations';
- BSCP38 'Authorisations';
- BSCP41 'Report Requests and Authorisations';
- BSCP65 'Registration of Parties and Exit Procedures';
- BSCP71 'ECVNA and MVRNA Registration, Authorisation and Termination';
- BSCP501 'Supplier Meter Registration Service';
- BSCP507 'Supplier Volume Allocation Standing Data Changes';
- BSCP511 'Entry Process – Supplier Meter Registration Service';
- BSCP512 'Entry Process – Supplier';
- BSCP513 'Bulk Change of Non Half Hourly Supplier Agent';
- BSCP520 'Unmetered Supplies Registered in SMRS';
- BSCP526 'Technical Assurance of Half Hourly Metering Systems for Supplier Volume Allocation';
- BSCP528 'SVA Line Loss Factors for Half Hourly and Non Half Hourly Metering Systems Registered in SMRS';
- BSCP531 'Accreditation';
- BSCP533 'PARMS Data Provision'; and
- BSCP601 'Metering Protocol Approval and Compliance Testing'.

The changes to the above BSCPs are either to add e-mail as an available communication method, or to clarify certain communications as exceptions requiring post or fax. Please refer to the P159 Assessment Report for details of the individual changes which are expected to be required.

5.3 BSCCo Memorandum and Articles of Association

No impact identified.

5.4 Impact on Core Industry Documents and supporting arrangements

No impact identified.

6 SUMMARY OF CONSULTATION RESPONSES

Eight responses (representing 49 Parties) were received to the consultation regarding the P159 draft Modification Report. One response represented an organisation which had not responded to the Assessment Consultation; however the issues raised by this respondent had been previously considered by the GSMG during the Assessment Procedure for P159.

No new arguments were therefore expressed by respondents.

The responses received to the P159 draft Modification Report are briefly summarised below. Full copies of the responses are attached as Annex 5.

Table 2 – Summary of Report Phase consultation responses

	Consultation question	Yes	No
1.	Do you agree with the Panel's views regarding P159 and the provisional recommendation to the Authority contained in the draft Modification Report that P159 should be made?	6 (45)	1 (3)
2.	Do you agree with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal?	5 (44)	0
3.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P159?	6 (45)	0
4.	Are there any further comments on P159 that you wish to make?	3 (25)	2 (19)

6.1 Panel's provisional recommendation

The majority of respondents agreed with the Panel's recommendation that P159 should be made. One respondent stated that P159 would reflect current practice whilst safeguarding communications where use of e-mail would not be appropriate. Two respondents argued that a requirement to use only post or fax would remove the efficiency and cost benefits of present accepted practice. One of these respondents also noted and agreed with the Authority's views, as expressed in its P113 decision letter, regarding the reliability and efficiency of e-mail. This respondent also noted that P159 would ensure that there was no perceived inconsistency between the provisions of the Code and any BSCPs. Another respondent stated their view that e-mail represents an efficient means of communication.

One respondent disagreed with the Panel's recommendation, and stated that they did not support the solution developed by the GSMG. This respondent argued that it should be the duty of the sender of an e-mail communication to confirm or verify that the communication has been delivered, rather than relying on the concept of deemed receipt. The respondent stated that this would ensure that the recipient would not be disadvantaged in circumstances where a communication had been sent but not received. This respondent subsequently clarified to BSCCo that they noted the GSMG's rationale against use of delivery receipts, but that they remained concerned regarding the risk of potential e-mail

non-delivery. The respondent therefore clarified that their preferred solution would be to place a requirement on the sender of an e-mail to additionally telephone the recipient to check whether it had been received. The respondent noted that the Code's provisions for post and fax communications do not impose such a requirement, and rely on a deemed point of receipt rather than actual receipt. The respondent also noted that the proposed P159 provisions were an extension of the Code's existing e-mail deemed receipt rules, which had been approved by the Authority as part of P113. However, the respondent believed that an additional telephone check should be mandatory for e-mail communications.⁸

One respondent had no comment.

6.2 Draft legal text

All respondents who commented on the draft legal text agreed that it addressed the defect identified by the Modification Proposal.

6.3 Recommended Implementation Date

All respondents who commented on the P159 Implementation Date agreed with the dates proposed by the Panel.

One respondent agreed that P159 represented an opportune change, since it would confirm existing practice, and should therefore be delivered as part of an existing release in order to minimise implementation costs.

One respondent expressed disappointment that the recommended Implementation Date was not sooner, but appreciated that changes to many BSCPs would be required by P159 and therefore agreed with the approach of the Panel that P159 be implemented as part of an existing planned release.

One respondent noted that implementing P159 within the February 2005 Release would allow the changes to be made in conjunction with the BSCP 'rebadging' work for BETTA (see Section 9), and stated that it would be efficient if the P159 provisions were implemented in time for BETTA Go-Live.

6.4 Further comments

One respondent welcomed the suggestion of a Panel member that any future material issues or concerns which might arise during the ongoing operation of P159 be reported back to the Panel.

One respondent suggested that the expansion of the Code's one-hour deemed receipt provision to all communications under P159 be kept under review as practical experience of its operation is gained.

One respondent, whilst agreeing with the proposed one-hour deemed receipt period, suggested that 5pm deadlines be moved to 9am on the following Working Day. The respondent considered that this would ensure that any e-mails sent by Parties during normal working hours (9am-5pm) would meet the deadline, even where there were not received until after 5pm. The respondent argued that this would help reduce any confusion caused by a 'late' e-mail.

This respondent subsequently clarified to BSCCo that they were not suggesting an amendment to the definition of a Working Day, and agreed that the risk of an e-mail being sent but not received by a deadline applied to deadlines at any time of a day rather than specifically to those set at 5pm. The respondent agreed with the rationale behind the one-hour deemed receipt period, and that this would reduce such a risk to Parties by clarifying that communications sent less than one hour before a deadline might not be received. However, the respondent suggested that for communications where

⁸ A summary of the GSMG's discussions regarding the concept of deemed versus actual receipt can be found in Section 1.3.5 of the P159 Assessment Report.

BSCCo has the ability to set a deadline at any time during a Working Day (e.g. for consultation responses) a sensible approach would be to set deadlines at 9am, as this would allow a whole evening for any responses sent at the end of the previous Working Day to be delivered. BSCCo advised that for certain communications, such as Modification consultation responses, it is currently trialling a move to midday deadlines – and agreed to further consider its working procedures regarding such deadlines on an ongoing basis. The respondent confirmed that they were satisfied with this approach.

6.5 Comments and views of the Panel regarding the consultation responses

At its meeting on 10 June 2004 the Panel considered the responses received to the consultation regarding the P159 draft Modification Report, and noted that these responses contained no new arguments.

The Panel noted that the issue of e-mail deemed receipt had been considered by the GSMG during the Assessment Procedure for P159, but also acknowledged that one respondent who had not previously commented on P159 during the Assessment Consultation did not support this approach.

One Panel Member commented that the issue outlined in the consultation response related to communications being sent to incorrect individuals, and was therefore a separate issue which would not be resolved by altering the e-mail deemed receipt rules. This Member noted the requirement for Parties to ensure that the contact details held by BSCCo were correct and up to date, and BSCCo agreed to use the opportunity of P159 to remind Parties to advise it of any change in details. The Panel Member noted that the proposed BSCCo advice document and BSC Website would also provide guidance to Parties regarding this issue on an ongoing operational basis.

One Panel member queried the process that would apply where an undeliverable receipt was returned to the sender of an e-mail communication. BSCCo clarified that, under the proposed legal drafting, an e-mail communication would be deemed to have been received one hour after being sent (or at 0900 the following day if this fell after 1700) – providing that an undeliverable receipt had not been received by this time. Where an undeliverable receipt was received before this point, the communication would therefore not be treated as received. The Panel Member noted that it would not be possible to 'undeem' an e-mail communication where an undeliverable was received *after* the point of deemed receipt, since it might not be possible to undo any action which the sender had taken as a consequence of the deemed receipt. However, this Member noted that in such rare circumstances BSCCo's working practice would be to contact the recipient by telephone to advise them of the situation.

A Panel Member commented that it was unlikely that BSCCo was the only organisation having to consider the use of e-mail communications, and therefore queried whether BSCCo had sought to clarify if the proposed provisions were in line with wider commercial practice. BSCCo explained that its external legal advisors had previously confirmed that the P113 e-mail provisions were consistent with standard industry practice, and that these provisions would simply be extended under P159. BSCCo also noted that these provisions had been previously approved by Ofgem in the context of its 'general' communications to Parties.

One Panel Member – whilst recommending that P159 be made – commented that, where specific electronic viruses were known to be widely affecting organisations, this should be taken into account by BSCCo when issuing e-mails. This Member stated that in such circumstances a follow-up telephone call would be preferable for critical communications. BSCCo clarified that any such occasions would have to be treated on a case-by-case basis, but that its Business Continuity Plan provided for use of alternative methods of communication during e-mail difficulties. BSCCo also confirmed that the most critical communications (such as Default Notices) would form exceptions under P159 and would continue to be sent by post or fax.

Another Panel Member queried whether it would be possible to circulate a digest on a specified date each month, which would enable Parties to identify any communications which they had not received. BSCCo confirmed that a 'Stop Press' section will be introduced as part of the BSC Website redesign project, showing the latest issued circulars and general communications. However, BSCCo noted that providing a tailored summary for each Party regarding its individual communications would reduce the operational efficiency of P159.

One Panel Member commented that it was not possible for the Code to provide for all eventualities. The Panel noted that it was also possible for post or fax communications to go astray despite the best efforts of the sender.

The Panel therefore agreed that the Code's existing e-mail deemed receipt rules remained appropriate, and should be extended to all communications under P159.

7 SUMMARY OF TRANSMISSION COMPANY ANALYSIS

7.1 Analysis

A Transmission Company analysis and impact assessment was commissioned during the Assessment Procedure for P159, and is summarised below:

- No impact was identified that would affect the ability of the Transmission Company to discharge its obligations under the Transmission Licence;
- No impact was identified upon any Transmission Company systems and processes; and
- No impact was identified upon any Core Industry Documents.

The Transmission Company expressed its opinion that P159 would better facilitate Applicable BSC Objective (d) by extending the scope for use of e-mail across further processes under the Code.

For more information regarding the Transmission Company's response, please refer to the P159 Assessment Report.

7.2 Comments and views of the Panel

The Panel noted that no issues had been raised by the Transmission Company's analysis.

8 SUMMARY OF EXTERNAL ADVICE

None commissioned.

9 IMPLEMENTATION APPROACH

The Panel noted that P159 is an opportune change, since it would confirm existing practice. The Panel agreed that P159 should be implemented as part of an existing planned release in order to minimise implementation costs, and noted BSCCo's advice that the next available planned releases which could incorporate P159 would be February or June 2005.

The Panel therefore agreed the following provisional Implementation Dates for P159:

- 23 February 2005 if an Authority decision is received on or before 1 September 2004; or
- 29 June 2005 if an Authority decision is received after 1 September 2004 but on or before 1 December 2004.

The Panel noted BSCCo's advice that the February 2005 Release would be a particularly opportune release in which to deliver P159, since the changes could be delivered in parallel with the scheduled 're-badging' of all existing BSCPs for BETTA. The Panel noted that this would ensure that e-mail was explicitly recognised as an acceptable form of communication within the Code and BSCPs at BETTA Go-Live. The Panel considered that this could be taken into account by the Authority in the timing of its decision regarding P159.

The Panel noted that no detrimental impact would result from not implementing P159 before February 2005 since, if P159 was approved, existing practice regarding use of e-mail would continue as currently prior to its formalisation on the Implementation Date.

10 DOCUMENT CONTROL

10.1 Authorities

Version	Date	Author	Reviewer	Change Reference
0.1	14/05/04	Kathryn Coffin	Roger Salomone/Sarah Parsons	For peer review
0.2	17/05/04	Kathryn Coffin	BSC Parties/other interested parties	For consultation
0.3	27/05/04	Kathryn Coffin	Change Delivery	For technical review
0.4	02/06/04	Kathryn Coffin	Change Delivery	For quality review
0.5	03/06/04	Change Delivery	BSC Panel	For Panel review & approval
1.0	15/06/04	BSC Panel		For Authority decision

10.2 References

Ref	Document	Owner	Issue date	Version
1	Modification Proposal P159 'Extending the Scope of E-mail Communications under the Code' http://www.elexon.co.uk/changeimplementation/ModificationProcess/modificationdocumentation/modProposalView.aspx?propID=165	BSCCo	28/01/04	1.0
2	Modification Proposal P113 'E-mail Communications under the Code' http://www.elexon.co.uk/changeimplementation/ModificationProcess/modificationdocumentation/modProposalView.aspx?propID=118	BSCCo	27/11/02	1.0
3	Initial Assessment of Modification Proposal P113 'E-mail Communications under the Code' http://www.elexon.co.uk/changeimplementation/ModificationProcess/modificationdocumentation/modProposalView.aspx?propID=118	BSCCo	06/12/02	1.0
4	Modification Report: Modification Proposal P113 'E-mail Communications under the Code' http://www.elexon.co.uk/changeimplementation/ModificationProcess/modificationdocumentation/modProposalView.aspx?propID=118	BSCCo	22/01/03	1.0
5	Authority Decision and Direction in relation to Modification Proposal P113 'E-mail Communications under the Code' http://www.elexon.co.uk/changeimplementation/ModificationProcess/modificationdocumentation/modProposalView.aspx?propID=118	Ofgem	09/04/03	1.0

Ref	Document	Owner	Issue date	Version
6	Initial Written Assessment for Modification Proposal P159 'Extending the Scope of E-mail Communications under the Code' http://www.elexon.co.uk/changeimplementation/ModificationProcess/modificationdocumentation/modProposalView.aspx?propID=165	BSCCo	06/02/04	1.0
7	Assessment Report for Modification Proposal P159 'Extending the Scope of E-mail Communications under the Code' http://www.elexon.co.uk/changeimplementation/ModificationProcess/modificationdocumentation/modProposalView.aspx?propID=165	BSCCo	07/05/04	1.0
8	Assessment Consultation for Modification Proposal P159 'Extending the Scope of E-mail Communications under the Code' http://www.elexon.co.uk/changeimplementation/ModificationProcess/modificationdocumentation/modProposalView.aspx?propID=165	BSCCo	15/03/04	1.0
9	Requirements Specification for Modification Proposal P159 'Extending the Scope of E-mail Communications under the Code' http://www.elexon.co.uk/changeimplementation/ModificationProcess/modificationdocumentation/modProposalView.aspx?propID=165	BSCCo	15/04/04	1.0
10	Draft Modification Report for Modification Proposal P159 'Extending the Scope of E-mail Communications under the Code' http://www.elexon.co.uk/changeimplementation/ModificationProcess/modificationdocumentation/modProposalView.aspx?propID=165	BSCCo	04/06/04	0.5

ANNEX 1 LEGAL TEXT

Legal text for P159 is included as a separate document, Attachment 1.

ANNEX 2 MODIFICATION GROUP DETAILS

Attendee	Organisation	Member	Meetings Attended:		
			19/02/04	10/03/04	07/04/04
Roger Salomone	ELEXON (P159 chairman)	Y	✓	✓	✓
Kathryn Coffin	ELEXON (lead analyst)	Y	✓	✓	✓
Terry Ballard	Innogy	Y	✓	✓	
Joanne Ellis	Cornwall Consulting	Y	✓		
Mark Manley	British Gas Trading	Y	✓	✓	✓
James Nixon	Scottish Power	Y	✓		✓
Neil Smith	Powergen	Y	✓		
John Sykes	Scottish and Southern	Y			✓
David Ahmad	ELEXON (legal advisor)	N			✓
Jerome Williams	Ofgem	N	✓	✓	✓
Ijeoma Obi	ELEXON	N	✓		

For details of the GSMG's Terms of Reference for the P159 Assessment Procedure, please refer to the P159 Assessment Report.

ANNEX 3 PARTY, PARTY AGENT AND CORE INDUSTRY DOCUMENT OWNER IMPACT ASSESSMENT RESPONSES

Please refer to the P159 Assessment Report for full copies of the impact assessment responses.

ANNEX 4 TRANSMISSION COMPANY ANALYSIS

Please refer to the P159 Assessment Report for a full copy of the Transmission Company analysis and impact assessment.

ANNEX 5 CONSULTATION RESPONSES

Copies of the responses received to the consultation regarding the P159 draft Modification Report are included as a separate document, Attachment 2. For copies of the responses received to the P159 Assessment Consultation, please refer to the P159 Assessment Report.

ANNEX 6 CLARIFICATION OF COSTS

There are several different types of costs relating to the implementation of Modification Proposals. ELEXON implements the majority of Approved Modifications under its CVA or SVA Release Programmes.

These Programmes incur a base overhead which is broadly stable whatever the content of the Release. On top of this each Approved Modification incurs an incremental implementation cost. The table of estimated costs of implementing the Proposed/Alternative Modification given in Section 2 of this report has three columns:

- **Stand Alone Cost** – the cost of delivering the Modification as a stand alone project outside of a CVA or SVA Release, or the cost of a CVA or SVA Release with no other changes included in the Release scope. This is the estimated maximum cost that could be attributed to any one Modification implementation.
- **Incremental Cost** - the cost of adding that Modification Proposal to the scope of an existing release. This cost would also represent the potential saving if the Modification Proposal was to be removed from the scope of a release before development had started.
- **Tolerance** – the predicted limits of how certain the cost estimates included in the template are. The tolerance will be dependent on the complexity and certainty of the solution and the time allowed for the provision of an impact assessment by the Service Provider(s).

The cost breakdowns are shown below:

PROGRESSING MODIFICATION PROPOSAL	
Demand Led Cost	This is the third party cost of progressing a Modification Proposal through the Modification Procedures in accordance with Section F of the Code. Service Provider Impact Assessments are covered by a contractual charge and so the Demand Led cost will typically be zero unless external Legal assistance or external consultancy is required.
ELEXON Resource	This is the ELEXON Resource requirement to progress the Modification Proposal through the Modification Procedures. This is estimated using a standard formula based on the length of the Modification Procedure.

SERVICE PROVIDER⁹ COSTS	
Change Specific Cost	Cost of the Service Provider(s) Systems development and other activities relating specifically to the Modification Proposal.
Release Cost	Fixed cost associated with the development of the Service Provider(s) Systems as part of a release. This cost encompasses all the activities that would be undertaken regardless of the number or complexity of changes in the scope of a release. These activities include Project Management, the production of testing and deployment specifications and reports and various other standard release activities.

⁹ A Service Provider can be a BSC Agent or a non-BSC Agent, which provides a service or software as part of the BSC and BSC Agent Systems. The Service Provider cost will be the sum of the costs for all Service Providers who are impacted by the release.

SERVICE PROVIDER⁹ COSTS	
Incremental Release Cost	Additional costs on top of base Release Costs for delivering the specific Modification Proposal. For instance, the production of a Test Strategy and Test Report requires a certain amount of effort regardless of the number of changes to be tested, but the addition of a specific Modification Proposal may increase the scope of the Test Strategy and Test Report and hence incur additional costs.

IMPLEMENTATION COSTS	
External Audit	Allowance for the cost of external audit of the delivery of the release. For CVA BSC Systems Releases this is typically estimated as 8% of the total Service Provider Costs, with a tolerance of +/- 20%. At present the SVA Programme does not use an external auditor, so there is no External Audit cost associated with an SVA BSC Systems Release.
Design Clarifications	Allowance to cover the potential cost of making any amendments to the proposed solution to clarify any ambiguities identified during implementation. This is typically estimated as 5% of the total Service Provider Costs, with a tolerance of +/- 100%.
Additional Resource Costs	<p>Any short-term resource requirements in addition to the ELEXON resource available. For CVA BSC Systems Releases, this is typically only necessary if the proposed solution for a Modification Proposal would require more extensive testing than normal, procurements or 'in-house' development.</p> <p>For SVA BSC Systems Releases, this will include the management and operation of the Acceptance Testing and the associated testing environment.</p> <p>This cost relates solely to the short-term employment of contract staff to assist in the implementation of the release.</p>
Additional Testing and Audit Support Costs	Allowance for external assistance from the Service Provider(s) with testing, test environment and audit activities. Includes such activities as the creation of test environments and the operation of the Participant Test Service (PTS). For CVA BSC Systems Releases, this is typically estimated as £40k per release with a tolerance of +/-25%. For SVA BSC Systems Releases this is estimated on a Modification Proposal basis.

TOTAL DEMAND LED IMPLEMENTATION COSTS	
This is calculated as the sum of the total Service Provider(s) Cost and the total Implementation Cost. The tolerance associated with the Total Demand Led Implementation Cost is calculated as the weighted average of the individual Service Provider(s) Costs and Implementation Costs tolerances. This tolerance will be rounded to the nearest 5%.	

ELEXON IMPLEMENTATION RESOURCE COSTS

Cost quoted in man days multiplied by project average daily rate, which represents the resources utilised by ELEXON in supporting the implementation of the release. This cost is typically funded from the "ELEXON Operational" budget using existing staff, but there may be instances where the total resources required to deliver a release exceeds the level of available ELEXON resources, in which case additional Demand Led Resources will be required.

The ELEXON Implementation Resource Cost will typically have a tolerance of +/- 5% associated with it.

ONGOING SUPPORT AND MAINTENANCE COSTS

ELEXON Operational Cost	Cost, in man days per annum multiplied by project average daily rate, of operating the revised systems and processes post implementation.
Service Provider Operation Cost	Cost in £ per annum payable to the Service Provider(s) to cover staffing requirements, software or hardware licensing fees, communications charges or any hardware storage fees associated with the ongoing operation of the revised systems and processes.
Service Provider Maintenance Cost	Cost quoted in £ per annum payable to the Service Provider(s) to cover the maintenance of the amended BSC Systems.